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World & Production and Trade

AUG ORIGINAL

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 33-86
August 20, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Export Enhancement Bids Accepted for TUNISIA. During the week of August 11-15, the Commodity Credit Corporation accepted offers for 75,000 tons of wheat to Tunisia under an Export Enhancement Program. The wheat sold for $108.00 per ton, cost and freight.

OILSEEDS AND PRODUCTS

JAPANESE Peanut Import Quota Announced. On July 31, the Japanese government issued peanut import quotas for the first half of its fiscal year (April-September). The first half quota of 30,900 tons is 200 tons below last year's level. The large kernel quota is up 900 tons to 12,100 tons, while the small kernel quota declined to 18,800 tons.

DAIRY, LIVESTOCK AND POULTRY

CHINA Buys Dairy Cattle from CANADA. A joint venture dairy farm between a private U.S. firm and the Chinese government is buying an additional 540 head of dairy cattle from Canada instead of from the United States. The timing of shipment is a major factor in this decision. Canadian cattle can be shipped in September/October, which is reportedly preferable for acclimatization. U.S. cattle, however, cannot be shipped until mid-winter because of health testing requirements.

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TAIWAN to Import Beef Breeding Cattle. With official policy now emphasizing beef production, Taiwan is planning to increase its imports of beef breeding stock. A Taiwan buying agency is planning to import 5,760 head during the remainder of 1986 and all of 1987, up from 722 head in 1985. The United States is expected to supply all the imports.

However, some European Community (EC) countries have been lobbying to get Taiwan's ban on EC meat imports lifted. The prospect of cheap EC beef on the market is causing concern and some beef investment plans have been cancelled because of these fears.

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AUSTRALIAN Livestock Prospects Improve. The U.S. agricultural counselor in Canberra reports that the outlook for Australian livestock has improved because good July rains have eased the drought in the east and a decline in the value of the Australian dollar has expanded export prospects.

Cattle numbers at 23.2 million head in March 1986, were up 2 percent compared to year-ago levels. Only a slight increase is expected during 1986 because of drought-induced slaughter and a smaller calf crop early in the 1986 season. Beef production for 1986 is projected to be up 3.2 percent to 1.38 million tons. No change is forecast for 1987.

Sheep numbers were up 4.4 percent on March 31 to 156.3 million head. For 1987, only 1.7 percent growth is expected, due largely to reduced growth in ewe numbers. Sheep meat production is forecast to rise 6.5 percent in 1986 to 588,000 tons, and a further 5.6-percent rise is expected in 1987.

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Meat Ouput Slows in the SOVIET UNION. The U.S. agricultural attache in Moscow estimates Soviet production of major meat products at 16.2 million tons for 1986, up 1 percent from 1985 levels. About the same growth in production is projected for 1987.

Beef production is expected to be up 3 percent this year and about 1 percent next year. The 1986 expansion in beef output is attributed to large forage supplies and some increase in cow culling.

Pork production in 1986 is expected to be down again and remain unchanged in 1987. The drop in 1986 pork production is based upon an expected tightening in concentrate feed supplies and continued decline in private pork production.

Production of poultry meat continues to receive emphasis; however, growth is not expected to increase at the rate of several years ago. Growth of about 2 percent is projected for both 1986 and 1987.

Soviet production of major meat products is as follows in millions of tons:

	1982	1983	1984	1985	1986	1987
Beef and veal	6.62	7.01	7.24	7.40	7.60	7.70
Pork	5.27	5.76	5.93	5.90	5.85	5.85
Poultry	2.43	2.60	2.69	2.70	2.75	2.80

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JAPAN'S Poultry Meat Production Unchanged; Egg Output Increases. In Japan, 1986 production is expected to total 1.4 million tons of poultry meat and 36.3 billion eggs, according to the U.S. agricultural counselor in Tokyo. For broilers, feed price declines should more than offset lower broiler prices, but the unfavorable margins experienced during much of 1985 appear to have made producers more cautious. As a result, 1986 production is expected to be essentially the same as that of 1985. In contrast, egg prices were up during the first quarter of 1986, but administrative guidance from the government and expectations of lower prices later in 1986 are expected to keep the production increase to less than 2 percent for the year.

COTTON

BRAZIL Imports More Cotton. Cotton imports by Brazil are larger than normal this year due to lower international prices, according to the U.S. agricultural officer in Sao Paulo. Most of the cotton has been imported from Paraguay, Uruguay and Pakistan. Over 32,000 tons of cotton were imported in the first five months of 1986. Trade sources indicate about 80,000 tons will be imported this year. Brazilian cotton prices are running about 54 US cents per pound, significantly above current world market prices. Brazilian exporters have requested export subsidies from the Brazilian government, but thus far no subsidy has been granted.

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SPAIN Imports Less U.S. Cotton. According to the U.S. agricultural counselor in Madrid, there was a sharp drop (down 93 percent) in Spain's imports of U.S. cotton lint in the first half of 1986. The drop is due to more competitive cotton prices from other countries, i.e., Pakistan, Syria, Israel and Colombia. The United States is not expected to regain its lost market share immediately since many importers have already contracted to meet their requirements through the next several months. U.S. cotton exports to Spain in the first half of 1986 totalled 1,287 tons of cotton lint compared to 17,311 tons in the same period of 1985.

TOBACCO

SPAIN Imports Less U.S. Leaf Tobacco. Trade statistics released by Spain indicate that U.S. leaf tobacco imports for January-June 1986 have dropped 29 percent compared to a year ago. The sharp decline is attributed to: (1) stevedore strikes which affected deliveries, (2) imports of oriental and flue-cured tobacco from sources other than the United States, (3) substitution of expanded tobacco in the manufacturing of American-blend cigarettes, and (4) a more gradual shift in consumer preference for American blends than anticipated. Despite these factors, trade sources believe that imports of U.S. leaf tobacco will show only a moderate decline at the end of the calendar year.

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WOOD AND WOOD PRODUCTS

U.S. Wood Product Exports Up in First Half of 1986. U.S. exports of solid wood products for January-June 1986 totaled $1.439 billion, up 7.8 percent over the same period last year. U.S. exports showed strong increases in value-added softwood products, lumber, molding and plywood. World markets for softwood products continue to be dominated by Japan, Canada, China and the European Community. As expected, wood product exports to China have begun to decline as hard currency allocations tighten. Overall, more favorable exchange rates account for much of the rise in U.S. exports.

U.S. wood exports for January-June on an f.a.s. value basis are as follows in millions of dollars:

	Japan	Canada	China	Other	TOTAL
Softwood logs	342.6	21.6	121.6	54.0	539.8
Softwood lumber	118.8	44.0	1.1	143.6	307.4
Softwood plywood	1.2	4.3	0.0	58.8	64.3
Hardwood logs	9.0	4.0	0.0	47.4	60.4
Hardwood lumber	21.8	34.6	0.1	105.3	161.7
Hardwood plywood	0.0	1.1	0.0	5.5	6.6
Other products	88.9	53.8	0.5	155.7	298.9
TOTAL	582.1	163.4	123.3	570.3	1,439.1

U.S. imports for January-June 1986 were $2.66 billion, up 10 percent over the same period last year. Canada accounted for 75 percent of all U.S. imports of wood products. Softwood lumber imports from Canada were $1.49 billion or 7.36 billion board feet. Canadian wood shingles and shakes totaled $104.7 million, up 27 percent over the same period last year. For the year to date, the United States has imported hardwood plywood valued at $247 million, with Indonesia contributing $138 million of the total and Taiwan $54 million. Brazil and Mexico remain major suppliers of wood products, accounting for $67 million and $55 million, respectively.

CREDIT NOTES

MEXICO Receives Intermediate Credit Guarantees. On August 12, USDA announced a $50-million program of export credit guarantees for sales of U.S. breeding livestock (cattle, swine, sheep, goats and horses) to Mexico under the GSM-103 intermediate credit program.

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Public Law 480 Agreements Signed with GUYANA and PERU. On August 11, Guyana received a P.L. 480 purchase authorization for $3 million worth of wheat (about 25,000 tons). On August 14, Peru signed a P.L. 480 agreement for $20 million (125,000 tons of wheat and 35,000 tons of rice).

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Aug. 19, 1986, was as follows in metric tons:

	ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS	
43.	Canary Islands Wheat	Aug. 8, '86	100,000	
42.	Eygpt Semolina	Aug. 6, '86	30,000	
41.	USSR Wheat	Aug. 1, '86	4 million	
40.	Canary Is. Dairy Cattle	July 28, '86	3,000 head	
39.	Hong Kong Table Eggs	July 28, '86	44 million	
38.	Senegal Wheat	July 17, '86	100,000	
37.	India Vegetable Oil	July 8, '86	25,000	
36.	Jordan Barley	June 17, '86	60,000	
35.	Israel Barley	June 17, '86	200,000	Sold 5,200
34.	Tunisia Dairy Cattle	May 29, '86	4,000 head	
33.	Algeria Dairy Cattle	May 29, '86	5,000 head	
32.	Sri Lanka Wheat	May 16, '86	125,000	Sold 50,000
31.	Saudia Arabia Barley	May 7, '86	500,000	COMPLETE
		Aug. 6, '86	250,000	COMPLETE
30.	Algeria Barley	Apr 17, '86	500,000	
29.	Morocco Dairy Cattle	Apr 16, '86	4,000 head	
28.	Turkey Dairy Cattle	Apr 16, '86	5,000 head	
27.	Egypt Dairy Cattle	Apr 16, '86	6,000 head	
26.	Yemen Poultry Feed	Apr 14, '86	150,000	
25.	Yugoslavia Wheat	Apr 10, '86	200,000	COMPLETE
		June 24, '86	200,000	Sold 120,000
24.	Indonesia Dairy Cattle	Apr 9, '86	7,500 head	
23.	Syria Wheat	Apr 8, '86	700,000	
22.	Benin Wheat	Apr 7, '86	45,000	Sold 20,000
21.	Algeria Table Eggs	Apr 4, '86	500 million	
20.	Iraq Dairy Cattle	Apr 4, '86	6,500 head	
19.	Jordan Wheat	Mar 19, '86	75,000	COMPLETE
		June 24, '86	75,000	COMPLETE
18.	Tunisia Wheat	Mar 18, '86	300,000	Sold 250,000
17.	Algeria Wheat Flour	Feb 25, '86	100,000	
16.	Algeria Semolina	Feb 11, '86	250,000	
15.	Philippines Wheat	Jan 7, '86	150,000	COMPLETE (152,400)
14.	Zaire Wheat	Dec 27, '85	40,000	COMPLETE
		May 15, '86	40,000	COMPLETE
13.	Nigeria Barley Malt	Dec 10, '85	100,000	Sold 4,400
12.	Iraq Wheat Flour	Dec 9, '85	150,000	Sold 75,000
11.	Egypt Poultry	Nov 26, '85	8,000	COMPLETE
		Mar 21, '86	15,000	COMPLETE
		June 18, '86	5,000	COMPLETE
		July 8, '86	15,000	
10.	Zaire Wheat Flour	Nov 18, '85	64,000	COMPLETE
		May 15, '86	30,000	Sold 15,000

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9.	Philippines Wheat Flour	Nov 15, '85	100,000	Sold 50,000
8.	Jordan Rice	Nov 8, '85	40,000	Sold 22,700
7.	Turkey Wheat	Oct 16, '85	500,000	COMPLETE (506,600)
		May 8, '86	500,000	
6.	Morocco Wheat	Sept 30, '85	1,500,000	Sold 890,000
5.	Yemen Wheat	Sept 6, '85	100,000	Sold 50,000
4.	Yemen Wheat Flour	Aug 20, '85	50,000	Sold 31,500
		Apr 14, '86	100,000	
3.	Egypt Wheat	Jul 26, '85	500,000	COMPLETE
		Oct 30, '85	500,000	COMPLETE (512,500)
		June 20, '86	500,000	COMPLETE
		July 29, '86	52,000	Sold 29,000
2.	Egypt Wheat Flour	July 2, '85	600,000	COMPLETE
		Aug. 6, '86	600,000	
1.	Algeria Wheat	Jun 4, '85	1,000,000	COMPLETE
		Apr 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced to Date	16,977,780 (grain equivalent) tons
	544 million table eggs
	43,000 tons frozen poultry
	41,000 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	5,010,500 wheat
	1,144,635 flour, grain equivalent
	505,200 barley
	28,000 frozen poultry
	22,700 rice
	5,980 barley malt, grain equivalent
Bonus	$337.7 million at book value (2,448,300 tons)

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TARGETED EXPORT PROMOTION PROGRAM

The status of USDA's Targeted Export Promotion Program as of Aug. 19, 1986, was as follows with value in dollars:

DATE ANNOUNCED	COMMODITY	VALUE	COUNTRY
Aug. 12, 1986	Canned Peaches, Fruit Cocktail	$5.1 million	Pacific Rim & Middle East
Aug. 8, 1986	Feed Grains	$2.1 million	To be announced
July 28, 1986	Dry Peas & Lentils	$2.5 million	EC, Colombia, India
July 25, 1986	Table Grapes	$0.35 million	Western Europe, Australia, Panama, Japan, Taiwan, Singapore, Malaysia
July 18, 1986	Washington State Apples	$1.4 million	United Kingdom, Taiwan, Malaysia, Hong Kong, Norway, Saudi Arabia
July 17, 1986	Wood Products	$0.6 million 1/	United Kingdom
July 16, 1986	Wheat	$1.1 million	Developing countries
July 14, 1986	Poultry & Eggs	$6 million	Pacific Rim, Middle East countries
June 24, 1986	Feed Grains, Soybean Meal & Dairy Cattle	$9 million over 3 years	Algeria
June 23, 1986	Fresh & Processed Florida Citrus	$4.6 million	Western Europe & Pacific Rim
May 20, 1986	Dried Prunes	$4 million	Western Europe
April 30, 1986	Wood	$1.95 million (over 3 years)	Japan
April 28, 1986	Wine	$2.3 million	Japan, United Kingdom, Hong Kong, Singapore
April 25, 1986	Almonds		Western Europe, Japan, Korea
April 17, 1986	Canned Peaches, Fruit Cocktail	$2.5 million	Japan, Taiwan
April 16, 1986	Walnuts	$9 million 2/	Western Europe, Japan
April 16, 1986	Raisins	$6.3 million	Western Europe, Pacific Rim
April 14, 1986	Fresh and Processed Citrus produced in Arizona and California		Japan, Hong Kong, Singapore, Malaysia
March 27, 1986	Frozen Potatoes	$2 million	Japan, Hong Kong Taiwan, Malaysia Singapore
	Total:	$69.60 million	

1/ Part of April 30, 1986, wood TEA amount. Not included in total.
2/ Includes additional $2 million announced Aug. 1, 1986.

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Selected International Prices

Item	Aug. 19, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	156.50
U.S. No. 2 DNS/NS 14%....	124.50	3.38	+1.00	149.00
U.S. No. 2 S.R.W.	124.00	3.37	+3.00	129.00
U.S. No. 3 H.A.D.....	124.00	3.37	+3.50	160.00
Canadian No. 1 A: Durum...	N.Q.	--	--	180.00
Feed grains:				
U.S. No. 3 Yellow Corn....	87.00	2.21	-1.00	116.00
Soybeans and meal:				
U.S. No. 2 Yellow.10/.....	194.25	5.28	-6.25	206.75
Brazil 47/48% Soya Pellets	195.00	--	+0.50	153.50
U.S. 44% Soybean Meal.....	185.00	--	+6.00	148.00
U.S. FARM PRICES 3/				
Wheat.....	80.09	2.18	-0.73	103.61
Barley.....	45.47	0.99	-0-	59.71
Corn.....	65.35	1.66	-0.39	92.13
Sorghum.....	58.20	2.64 2/	-1.32	88.18
Broilers.....	1,508.61	--	-248.90	1,109.80
EC IMPORT LEVIES				
Wheat 5/.....	168.70	4.59	+0.55	86.00
Barley.....	169.75	3.70	-1.00	88.75
Corn.....	174.40	4.43	+1.50	73.85
Sorghum.....	174.40	4.43	-1.70	88.50
Broilers 4/ 6/ 8/.....	360.00	--	-26.00	182.00
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	178.75	4.86	+0.25	146.65
Bread wheat (min. quality)	187.85	5.11	+1.20	156.80
Maize.....	187.85	4.77	+1.20	146.65
Barley and all other feed. grains, excluding maize.	178.75	--	+0.25	146.65
Broilers 4/ 6/.....	1,530.00	--	+5.00	1,190.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	N.A.	N.A.
Barley.....	112.55	2.45	N.A.	N.A.
Broilers 4/ 6/ 8/.....	265.00	--	-19.00	105.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 kg effective 9/14/83 from 22.50 ECU/100 kg set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ October delivery. N.A.-None authorized. N.Q.-Not quoted. Note: Basis September delivery.